



BILLING CODE 5001-06

DEPARTMENT OF DEFENSE

Office of the Secretary

Termination of Provider Reimbursement Demonstration Project for the State of Alaska

AGENCY: Department of Defense (DoD).

ACTION: Notice of demonstration termination.

SUMMARY: This notice provides a termination of the demonstration project in the State of Alaska for individual provider payment rates. Under the demonstration, payment rates for physicians and other non-institutional individual professional providers in the State of Alaska have been set at a rate higher than the Medicare rate. The goal of the demonstration was to determine at what rate payment would need to be set in order to encourage higher participation in the TRICARE program by providers in Alaska.

DATES: The demonstration regarding payment rates for physicians and other non-institutional providers is terminated effective [INSERT 30 days from date of publication of this notice in the Federal Register].

ADDRESSES: TRICARE Management Activity (TMA), Medical Benefits and Reimbursement Branch, 16401 East Centretch Parkway, Aurora, CO 80011-9066.

FOR FURTHER INFORMATION CONTACT: Glenn J. Corn, TRICARE Management Activity, Medical Benefits and Reimbursement Branch, telephone (303) 676-3566.

SUPPLEMENTARY INFORMATION: On November 20, 2006 (71 FR 67113), DoD published a Notice of a TRICARE demonstration project for the State of Alaska, with an effective date of January 1, 2007. The demonstration set payment rates for physicians and other non-institutional

individual professional providers in the State of Alaska at a rate higher than the Medicare rate in order to determine if more individual providers would participate in the TRICARE program. The demonstration was effective January 1, 2007 for a period of three years, ending on December 31, 2009. The demonstration was extended twice. On December 18, 2009 (74 FR 67179), DoD published a Notice of demonstration extension that extended the demonstration through December 31, 2010, and on July 8, 2010 (75 FR 39213), DoD published a Notice of demonstration extension that extended the demonstration through December 31, 2012.

An analysis of the effectiveness of the demonstration was conducted and it showed an increase in provider participation. This increased participation opened access to local specialty care that had previously been severely impaired, and it decreased the overall cost of health care by reducing the travel costs incurred by the Department for Prime beneficiaries who had been forced to travel long distances to receive care outside of Alaska. The demonstration also showed that each geographic area in Alaska had increased participation using the same “multiplier” of the Medicare rate. Thus in order to preserve the successes made through the demonstration project in improving provider access and to keep the CHAMPUS Maximum Allowable Charge rates in relative proportion with the demonstration rates, the Department has determined that it can use its current authority under Title 10, United States Code, section 1079(h)(5) to provide a state-wide locality based reimbursement waiver without requesting additional statutory or regulatory authority for the State of Alaska. A state-wide locality based waiver was approved by the Director of TMA under current authority (Title 32, Code of Federal Regulations, section 199.14(j)(1)(iv)(D)) on September 15, 2011, and thus the need for this demonstration has ceased.

This state-wide locality based reimbursement waiver allows the higher individual provider payment rates associated with the demonstration project.

DATED: March 30, 2012.

Patricia Toppings

OSD Federal Register

Liaison Officer

Department of Defense

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